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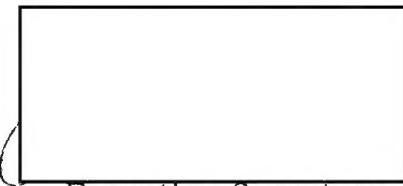
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USIB/IRAC-D-44.1
7 November 1974

UNITED STATES INTELLIGENCE BOARD
INTELLIGENCE RESOURCES ADVISORY COMMITTEE

MEMORANDUM FOR THE UNITED STATES INTELLIGENCE BOARD
THE INTELLIGENCE RESOURCES ADVISORY
COMMITTEE

SUBJECT : Economic Intelligence -- An Action Program

The Director of Central Intelligence has requested that his attached report on this subject be circulated for information and action as appropriate.



Executive Secretary

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Attachment

cc: D/DCI/IC

c.c. D/DCI/NIO

Chairman, EIC

Chairman, HSC

Chairman, COMIREX

Chairman, SIGINT

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Attachment:

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ECONOMIC INTELLIGENCE -- AN ACTION PROGRAM

Among the Objectives for the Intelligence Community that the DCI presented in September 1973 in a memorandum to the President was one requiring action to enhance the utility of intelligence in support of "economic policies of the U.S. Government." A program meeting this commitment is outlined below. While this program focuses primarily on formal institutional arrangements, it is recognized that to a great extent the effectiveness of economic intelligence in supporting policymakers is governed by the day-to-day, informal contacts between intelligence officers and those officials responsible for policymaking and negotiations.

A. With respect to management, the following steps are being taken to increase the responsiveness of the intelligence community:

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-- The policy-level Requirements Advisory Board (RAB) will be reactivated this fall under the chairmanship of a senior economic policy official. This body will play a central role in identifying high-level user needs. In effect, it will function as a subcommittee of NSCIC, which now includes a Treasury representative.

-- The NIO for Economics and Energy, in consultation with policy officials, has drafted eight economic Key Intelligence Questions (KIQs) for FY 1975. They, and others containing economic aspects, will soon be vetted by NSCIC and USIB.

-- The EIC Chairman and his committee will work in concert with the three USIB collection committees -- the Human Sources Committee, the SIGINT Committee, and COMIREX -- to improve collection guidance and to facilitate the coordination of the economic intelligence collection effort. In so doing, the Economic Intelligence Committee will be responsive to the priority needs of the policymaking departments and agencies.

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-- The EIC will continue to provide reporting guidance to the Foreign Service and other non-intelligence officers abroad via the Combined Economic Reporting Program (CERP), which is administered by the Department of State.

-- The Human Sources Committee will encourage EIC members to supplement their formal reporting guidance by responding positively to the State Department's recent invitation to provide missions abroad with informal, working-level feedback on economic reporting.

-- The Intelligence Resources Advisory Committee (IRAC) will be tasked to recommend suitable resource levels for economic intelligence. Invitations to participate in the work of IRAC will be extended to representatives of non-member agencies and departments with economic interests. Based on the work done in FY 1975, it should be possible for IRAC to examine NIP resources allocated to political-economic intelligence collection in FY 1976.

-- Efforts will be made by the NIO for Economics and Energy and the SIGINT Committee to identify the impact of user needs for increasing economic intelligence support on the coming five-year consolidated cryptologic program.

B. With respect to the national collection apparatus, economic intelligence responsibilities will be allocated, taking into consideration not only the traditional intelligence collectors but also the capabilities of other organizations, namely the Treasury, Commerce, and Agriculture departments. The goal is to achieve greater responsiveness to the needs of policymakers while at the same time minimizing both risks and costs. Specific steps include:

-- The Human Sources Committee will assess the limitations and potential of overt and clandestine activities directed against economic targets in selected, non-Communist countries. The EIC and the NIO for Economics and Energy will assist the committee in the preparation of this assessment.

-- The NIO for Economics and Energy, with the assistance of the EIC and economic intelligence

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consumers, will review responses from the field to collection guidance, taking into account information available from open sources. In particular, he will review the posts to which Treasury officers are assigned to determine whether the establishment of new positions should be recommended. He will also evaluate the reporting of the financial attaches in terms of responsiveness to national intelligence priorities.

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Economic intelligence
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-- The EIC Chairman and the Chairman, SIGINT Committee, will institute a procedure for providing coordinated community guidance to NSA for SIGINT economic collection.

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-- The NIO for Economics and Energy will work closely with representatives of policymaking departments and agencies and of NSA in an exploration of the possibility for increasing the SIGINT contribution to the economic intelligence effort.

-- The OER Director will complete his initial evaluation of the application of overhead photography for estimating crop conditions.

C. With respect to the economic intelligence product, efforts are being concentrated on the KIOs. Thus, intelligence producers are supporting a Substantive Objective of the Intelligence Community for FY 75 to "Provide reliable, timely and comprehensive information and assessments relevant to US international economic policy decisions and negotiations." The intelligence producers will also work toward improved early warning of international developments of priority interest to economic policy officials.

Past experience clearly indicates that a substantial number of demands placed by policymakers on economic intelligence producers cannot be foreseen far in advance because of the rapidity with which new economic events occur. Therefore, economic intelligence producers (and collectors) will be prepared to shift their efforts and resources in line with changing needs.

Efforts will be intensified to improve the quality, scope, utility, and timeliness of the economic intelligence product and its relevance to policy needs through the establishment of better communications with consumers and the freer interchange of research plans among the Washington economic community. Specific steps include:

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-- The NIO for Economics and Energy will expand his contacts, formal and informal, with consumers of economic intelligence to gain better guidance on subjects of concern to policymakers and to provide more effective feedback to producers and collectors.

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-- Under the aegis of the RAB, the EIC will hold annual meetings to discuss the direction and focus of economic research programs and to determine how these programs relate to the KIQs and to the expressed needs of policy officials. The Department of State representative will report the committee's findings to the NSC/USC Subcommittee on Foreign Affairs Research (FAR).

[redacted] →
-- The NIO for Economics and Energy and the Intelligence Community Staff's Coordinator for External Research, working with the EIC and FAR, will provide advice to contract managers of external research so that there will be a minimum of unnecessary duplication. At the same time, they will review ongoing external economic research contracts so that, if needed, a recommended program of work using external sources can be implemented in FY 1976.

-- The NIO for Economics and Energy will consult with the CIEP staff, with others in the Washington economic community, and with outside consultants, as necessary, to assure that intelligence studies and estimates have the greatest relevance and appropriate rigor, including the employment of relevant analytic methodologies.

10 October 1974

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